GOVERNMENT OF INDIA
MICRO,SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:2488
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SFURTI Scheme
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Will the Minister of MICRO,SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether the Government has revamped/proposes to revamp the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) with respect to the Khadi Industry in the country and if so, the details thereof;

(b) the details of clusters set up along with the expenditure incurred thereon and the number of persons employed/benefited under the said scheme during each of the last three years, State/UT-wise;

(c) the output of such clusters and the number and percentage out of them engaged in exports during the said period, State/UT-wise; and

(d) the details of the number of persons/ artisans in the Khadi Industry employed under the said scheme, State/UT-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI GIRIRAJ SINGH)

(a): Ministry of Micro, Small and Medium Enterprises (MSME) has strengthened the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) scheme by launching Revamped SFURTI scheme wherein the following major changes were brought in, namely:

(i) The corpus of financial support for the cluster increased substantially from Rs.75 Lakh to a maximum sum of Rs.8 Crore.

(ii) There are three kind of interventions namely, soft, hard and thematic interventions.

(iii) The Scheme envisages leveraging resources from the following sources:

a. Private sector participation: In case of private sector promoted SPVs the shareholding of the lead investor/private partner shall not normally exceed 50% of the total equity.
b. Corporate Social Responsibility: CSR Trust Funds with proven track record and capability of managing MSME cluster projects, can participate either as Implementing Agency or Technical Agency.

(iv) The role and responsibility of the Technical Agency (TA) and the Implementing Agency has been given substantial emphasis with 8% of the financial support to the TA.
(v) The creation of SPV at the cluster level with equity participation so as to make the cluster self-sustainable even after the withdrawal of the budgetary support. Khadi institutions have been assigned the role of 'Deemed SPVs' in the scheme.
(vi) The book value of land to be taken as IA's contribution to the project.

The Revamped SFURTI guidelines were issued on 01.08.2014 with an outlay of Rs. 149.44 Crore for developing 71 clusters (including coir) with coverage of 44500 artisans (approx.) in the first phase. Duration of the Revamped SFURTI is for 3 years and the fund earmarked and target for Mini, Major and Heritage clusters are as follows:
(Rupees in Crore)<pre>
S. No. Particulars No. of Cluster Funds per Cluster Total Fund
1. Heritage 2 8.00 16.00
2. Major 10 3.00 30.00
3. Mini 59 1.50 88.50
Total 71 134.50
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Additional Rs 14.94 Crore earmarked for Administrative, Thematic & M&E expenses making the total required allocation Rs.149.44 Crore

The new guidelines were issued on 01.08.2014, however, many issues pertaining to the difficulties in implementation of the SFURTI scheme was noticed. The Ministry organized two national level workshops on SFURTI involving all stake-holders and the suggestions received have been incorporated and revised SFURTI Guidelines are issued on 30.06.2015. The key features are:

(i) Approving the criteria for selection of Nodal Agency other than the existing 2 main Nodal Agencies of KVIC and Coir Board;

(ii) Emphasis on backward and forward market linkages for traditional and village industry products and provide a market driven approach;

(iii) Release of funds for the Soft Intervention would be provided before the Hard Interventions at the DSR approval stage before DPR;

(iv) Multiple products may be taken up as far as possible to make the cluster sustainable instead of earlier one product per cluster;

(v) The approval from the State Government is solicited before the DPR approval stage instead of obtaining the approval at the origin, so as to enable the State Governments to provide the necessary clearances, but within a period of 90 days from the receipt of the proposal.

(vi) The social security and financial inclusion measures initiated by the Union Government are to be provided mandatorily to artisans of the cluster.

(b)to (d): During 2015-16, proposals to set up 32 clusters have been granted final approval with a total project cost of Rs.87.58 crore benefiting around 30438 artisans. 9 clusters out of these have already been established, benefitting more than 14000 artisans. The scheme has become operationalized from 2015-16 as the scheme guidelines were approved/circulated in 30.06.2015 after the approval of the competent authority. During 2015-16, 32 clusters (Detailed Project Reports) and 71 Diagnostic Study Reports (DSRs) were approved against which funds to the extent of Rs.30.27 crore were released to the organizations i.e. KVIC, Coir Board, IIE-Guwahati, and NI-MSME, Hyderabad for developing the said clusters as per details given below:

1. KVIC Rs.913.215 lakh
2. Coir Board Rs.1988.710 lakh
3. IIE, Guwahati Rs.62.50 lakh
4. NIMSME, Hyderabad Rs.62.50 lakh

The details of clusters approved and number of persons benefitted are given at Annexure-I.